



THE MARKETING MEMO

July 2007

Marketing Branch

Division of Marketing Services

California Department of Food and Agriculture

1220 N St., Sacramento, CA 95814

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PROGRAM ISSUES

CDFA TO CONDUCT REFERENDUM REGARDING POSSIBLE TERMINATION OF THE TOMATO COMMISSION:

CDFA has determined that it will conduct an industry referendum regarding the possible suspension of the California Tomato Commission (Commission). This determination is based upon two factors as follows:

1. A motion unanimously approved by the Tomato Commission Board of Directors on February 23, 2007 recommending that CDFA terminate the Commission and create a marketing order for scientific research of California fresh market tomatoes, and
2. The testimony received at a public hearing conducted on April 4, 2007

Section 78723 of the Food and Agricultural Code (Tomato Commission Law) states that upon receipt of a recommendation for termination, CDFA shall hold a referendum among the producers and handlers to determine if the operations of the Commission shall be suspended. However, instead of immediately conducting such a referendum, CDFA decided to conduct a hearing to provide all assessment payers with the opportunity to comment on the important issue of the Commission's future.

The hearing record substantiated the need for CDFA to proceed with conducting the industry referendum regarding suspension of the Commission as previously requested by the Commission Board of Directors. Therefore CDFA is conducting an industry vote. The deadline for voting is August 9th.

It is important to note that the upcoming referendum will not address the possibility of implementing a state marketing order to replace the Commission. Implementation of such a marketing order would require a separate public hearing and subsequent referendum.

If you have questions about the upcoming Tomato Commission referendum, please contact Dennis Manderfield here at the Marketing Branch.

PISTACHIO COMMISSION WOUND DOWN:

As previously noticed, a producer referendum was conducted earlier this year concerning the continuation of the California Pistachio Commission. The results fell short of the statutory approval criterion and therefore the Pistachio Commission was required to wind down and cease operations by the end of their current fiscal year. Although the official end of the program year is August 31, the Commission staff and Board of Directors was committed to closing down operations in the most efficient and timely manner possible. Therefore the Commission office may very well be closed by

the time this Marketing Memo is published. The Commission is still negotiating a settlement to our existing lawsuit. A final CPA audit still needs to be conducted and then remaining assessment funds will be reimbursed to pistachio producers on a prorated basis. The Pistachio Commission served the California pistachio industry since its inception in 1981.

LEAFY GREEN PRODUCTS MARKETING AGREEMENT UPDATE:

The Leafy Green Products Marketing Agreement has made considerable progress in its first four months of existence. In late May Scott Horsfall was hired as the Executive Director of the Agreement. Scott has contracted with the California Feed and Grain group for an office and administrative support. The Board's address is 1521 I Street, and the Board's phone number is 916 441-1240. Much information concerning the Agreement can be seen at the Board's website, which can be found at www.caleafygreens.ca.gov.

The Marketing Agreement has 111 signatories who have all gone through preliminary audits of their compliance with industry created production and processing metrics, and all signatories are working on mandatory traceback systems. Auditing of signatories will go live in early July. CDFA staff and the Agreement have worked with the Canadian government on standards, and as of June 1, 2007, only signatory leafy greens from California are allowed to enter Canada.

The Board plans a series of workshops with all signatories prior to going live so that they all will know all of the Agreement's policies and procedures. The Board will be authorizing the use of a service mark and a certification mark that have been registered by CDFA on behalf of the Board with the US Patent and Trademark Office.

PRODUCER REFERENDUM CONTINUES THE CALIFORNIA LETTUCE RESEARCH PROGRAM:

The Department completed a handler referendum regarding the continuation of the California Lettuce Research Program on June 9, 2007. The tally showed that 65% of the eligible handlers submitted valid ballots. Of those voting, 89% voted in favor of continuation. These results exceed the statutory approval criterion and therefore the California Lettuce Research Program is authorized to continue operating for another five years.

MAJOR AMENDMENT TO THE PEAR MARKETING PROGRAM APPROVED:

The industry referendum to obtain grower input regarding the amendment to the California Pear Marketing Program to include all pear varieties, with the exception of Asian pears produced in the state has ended. The referendum passed with over 88 percent of the growers representing 80 percent of the state's pear volume favored the implementation of the amendment. Since these results exceed the statutory criteria for participation and approval, the Department has implemented the proposed amendment effective March 20, 2007. The marketing order continues to represent Bartlett pears and now represents other pear varieties grown in the state including Bosc, Seckel, Comice, Ferelle and various red pear varieties.

If you have any questions regarding the amendment, please contact Robert Maxie at the Marketing Branch.

MARKETING PROGRAM FISCAL & COMPLIANCE AUDITS BEGIN:

With the first two program audits of the California Kiwifruit and California Tomato Commissions completed, the Department will begin its program to audit of each remaining marketing boards, councils and commissions. The audits will be conducted by the Department's Audit Unit and will report directly to the Department's Chief Counsel.

On May 24th, the Department presented the audit program budget to the Fiscal & Compliance Committee of Program Executives. Several other Program Executives also attended. The Audit Unit will have two full-time positions dedicated to Marketing Program Audits. The Budget for the Audit Program including staff salaries and benefits, supervision, office space and travel expenses is set at \$247,000 for the 2007-08 fiscal year.

John Dyer, Department Counsel, explained to the Executives that the purpose of the audits is not to impose the Department's business judgment on programs. The objective is to identify areas where programs should have written policies and procedures to guide staff in executing activities approved by the Board. Mr. Dyer referred to the May 3rd letter mailed to the programs regarding the limited scope of the audits.

The Department's Audit Unit estimates that it will be able to conduct approximately 10 audits each fiscal year. That means an initial rotation cycle of four to five years to audit all of the programs. There will be some training costs early on for staff appointed to perform program audits. Training costs will be prorated to all programs according to the standard formula (50% on Branch Personnel Costs and 50% on size of program budget capped at \$5 million).

Mr. Dyer noted that the Audit Unit will focus primarily on midsized to large programs initially to fully flesh out its audit procedures. Once the Unit has developed routine audit process, the Department will begin to audit some of the smaller programs.

The Program Executives attending the May 24th meeting asked the Department to schedule another meeting once it completes the next couple of audits. The Executives asked that the audited programs' executives attend the meeting and share with the group their experience of being audited.

NON-PROFIT STATUS OF MARKETING PROGRAMS:

From time to time Program Executives are asked for proof of the non-profit status of their organizations. This request is usually a requirement when applying for government discounts, grants, etc.

Here is what the IRS has to say about this topic:

"In order for a government entity to receive a determination of its status as a political subdivision, instrumentality of government, or whether its revenue is exempt under Internal Revenue Code section 115, it must obtain a letter ruling by following the procedures specified in Revenue Procedure 2007-1 or its successor."

Source: <http://www.irs.gov/govt/fslg/article/0,,id=112708,00.html>

The purpose of this article is to remind Program Executives that the Marketing Branch is able to provide "government affirmation letters" to address this need. It is

important to highlight, however, that the non-profit nature of Marketing Programs does not exempt them from sales tax.

If you need a government affirmation letter please contact your Program liaison.

MINOR CHANGE IN THE PROCEDURES TO POST MEETING NOTICES ON THE DEPARTMENT'S WEBSITE:

As you know we have asked all Marketing Programs (including those that have their own websites) to submit electronic copies of their full board and committee meeting notices for posting on the Department's website. Upon Ramiro Casillas' departure from our Branch, the task of posting notices on-line was reassigned to Carlos Behr and Carl Studebaker with the Marketing Services Division.

As a result, we ask that you please update your meeting notice electronic distribution list as follows:

- * Carl Studebaker cstudebaker@cdfa.ca.gov
- * Kim Jagelka: kjagelka@cdfa.ca.gov
- * Your Program Liaison

Please notice that Kim Jagelka, with our Branch, will continue to handle the internal processing of the meeting notices.

If you have any questions regarding the electronic posting of meeting notices on the Department's website, please contact Kim Jagelka at this office. For questions pertaining to the requirements of the Bagley-Keene Act regarding the on-line posting of meeting notices, please contact your program liaison.

THE MARKETING BRANCH SAYS GOODBYE TO RAMIRO CASILLAS:

Recently, Ramiro Casillas of the Branch was offered a promotion to the Department's Central IT Division. While the Branch will miss his excellent experience and strong dedication, as well as his witty sense of humor, we wish him well and congratulate him on his much deserved promotion.

The Branch is actively recruiting potential replacements for Ramiro's position. We hope to fill this position within the next few weeks.

JOHN DYER, CDFA CHIEF COUNSEL, ANNOUNCES RETIREMENT:

John Dyer announced earlier this month that he will be retiring from State service effective August 31, 2007.

John has been with CDFA for ten years and has truly made a difference in how effectively each program in the Department operates. He has been awarded two Superior Accomplishment Awards for representing agriculture on environmental issues and as the architect of California's Foreign Animal Disease Quarantine Law. This particular law was tested extensively with success during the 2003 Exotic Newcastle Disease Outbreak in Southern and Central California.

In addition to providing legal counsel on a wide range of issues affecting the agricultural industry, John has provided strong leadership over the Legal Office, the Audit Office and the federal Grants Management Office.

Most recently, John has played a critical role in the development and implementation of the Leafy Greens Handler Marketing Agreement. Given the food safety and economic risks concerned with E. coli contamination, the Agreement was crafted and implemented in record time. John has been instrumental in establishing policies and procedures for the Agreement and in getting the Agreement's Certification Mark registered.

Prior to John's tenure with CDFA, he worked for the Department of Social Services. In that role, John prosecuted over 300 Community Care Licensing actions before the Office of Administrative Hearings and Adverse Actions before the State Personnel Board.

John will be moving to Florida to be close to family and to enjoy a more relaxed lifestyle. All of us in the Marketing Branch will miss his guidance and deciphering his email messages.

TABLE OF DUE DATES:

As a reminder of upcoming due dates, we are providing the following Table. Please call your Economist/Analyst at 916-341-6005 if you have any questions.

| TABLE OF DUE DATES | | |
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| Item | Applies To: | Due Date |
| Quarterly Contract Report | Marketing Orders, Agreements and Councils | Qtr 1, 2007 (January-March 2007) Was Due: April 30, 2007 Qtr 2, 2007 (April-June 2007) Due: July 31, 2007 |
| Ethics Training | Marketing Orders, Agreements and Councils | Members must complete the training in the time frames below and submit the certification to their marketing program executive: <ul style="list-style-type: none"> • New members: within six months of assuming their position. • Continuing members: every two calendar years. Program Executives must retain the signed original certificates. A list of board members and alternates with the dates they completed the orientation, must be sent to Beth Jensen of the Marketing Branch |
| Member Lists | Marketing Orders, Agreements, Councils, and Commissions | As soon as possible after any changes. Please be sure to include individual contact information: addresses, phone numbers and e-mail addresses. |
| Financial Audits | Marketing Orders, Agreements and Councils | Three copies due to Branch 30 days after completion. |

GENERAL INFORMATION

MARKETING PROGRAM AND MARKETING BRANCH JOB ANNOUNCEMENTS:

We routinely include notices of job openings with California marketing programs and other agricultural organizations in the Marketing Memo. Please contact Beth Jensen at 916-341-6005, or via e-mail at bjensen@cdfa.ca.gov to include information in this section.

ASSISTANT MARKETING DIRECTOR

The Walnut Marketing Board/California Walnut Commission represents California walnut growers and processors in both domestic and export markets. We are seeking a dynamic and skilled person to join our team.

Responsibilities:

- Assist in the design and administration of marketing activities in both the domestic and export markets.
- Assures the dissemination of important materials to all vendors, agencies, staff members and when appropriate, Board and Committee members.
- Monitors timelines and working closely with accounting in tracking expenditures against budgets.
- Works closely with the USDA Foreign Agricultural Service Market Access Program (MAP), and will assist in the preparation of the Unified Export Strategy (UES), Country Progress Reports and other market analysis in order to provide adequate support to the Director.
- Coordination of trade shows, evaluation, market research and the organizations quarterly newsletter are other primary responsibilities.
- This position will report directly to the Marketing Director.

Qualifications:

- 2-4 years experience in a marketing support position, preferably with a commodity organization and/or the food industry
- Excellent communication, writing and editing skills
- A high level of competence in computer skills is important.
- A second language may be useful but not necessary
- BA in related field
- Team player

Send resume and salary requirements to:

Walnut Marketing Board/California Walnut Commission
Marketing Director
101 Parkshore Drive, Suite 250
Folsom, CA 95630

No phone calls please.

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ASSOCIATE DIRECTOR

INDUSTRY RELATIONS/FOOD QUALITY & SAFETY

The Almond Board of California, based in Modesto, is seeking an Associate Director; this position plays a key role in directing food safety and quality programs for California’s almond industry.

Essential duties include managing the Food Quality and Safety Committee (FQS), providing oversight of extensive research programs and surveys related to food safety issues, development of Good Agricultural and Manufacturing Practices, quality systems and other industry-related education materials. This position works closely with environmental, production and regulatory staff to identify issues which could impact the global marketing of almonds. The Associate Director participates in the implementation of Marketing Order procedures, and contributes to the dissemination of Almond Board information through articles, newsletters, technical materials, fact sheets, and other related projects related to food safety and almond production issues. The Associate Director is responsible for establishing and maintaining contacts with

agricultural and regulatory institutions, as well as working with other staff involved with outreach programs to almond growers, handlers and regulatory authorities. The successful candidate will have a bachelor's degree in agricultural sciences and 5 years of responsible, practical experience in agricultural production and/or processing. Food manufacturing industry experience is preferred, but not required. Organizational and communication skills are critical; the candidate should have experience in managing research projects, budgeting and crisis management. Working with multiple meeting deadlines and extensive experience using Microsoft Office products is essential.

The Almond Board of California is an equal opportunity employer and prohibits discrimination on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, marital or familial status. For more information please visit our website at www.Almondboard.com.

Qualified candidates please send resume to:

Tom Van Groningen
516 Barringham Lane
Modesto, CA 95350
TVG9047s@aol.com

MARKET ENFORCEMENT ADVISORY:

Attached is the Market Enforcement Advisory Notice for July 2007. If you have questions regarding the notice, please contact the CDFA Market Enforcement Branch at 916-341-6276.

PEST DETECTION ADVISORY

Attached is the Pest Detection Advisory of current pests affecting California agricultural products. If you have questions regarding this listing, please contact the CDFA Pest Detection Branch at 916-654-1211.